

Section II: Overview of Financial Aid Programs

Objectives

- Define terms such as financial aid, cost of attendance, Expected Family Contribution, and financial need
- Discuss categories and types of aid
- Provide information about common federal financial aid programs
- Provide information about other forms of financial aid

Materials

- Ice breaker quiz
- PowerPoint Presentation
- Financial Aid Programs Summary

Trainer Tips

- The instructor's guide is just that, a guide. If you feel more comfortable teaching from the PowerPoint slides, for example, feel free to do so.
- Encourage participation by asking questions.
- Encourage participants to use each other as resources during the ice breaker quiz.

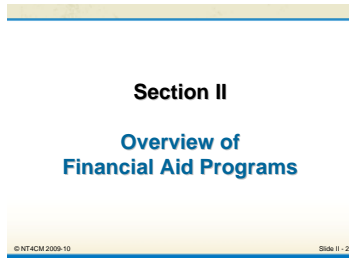
Section II: Overview of Financial Aid Programs

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Note to Instructor: This section of the materials provides a high level overview of various financial aid programs. Refer participants to the Student Aid Program Summary starting on page II - 6 of their materials for more detailed information about individual programs. Start by having participants complete the quiz, using their materials and each other as resources. Go through the questions as a group.

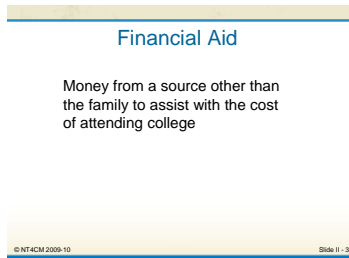
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We will discuss:

- What is financial aid
- Financial need
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- Categories and types of financial aid
- Sources of aid
- Title IV aid programs
- Other federal aid programs
- Other sources of aid

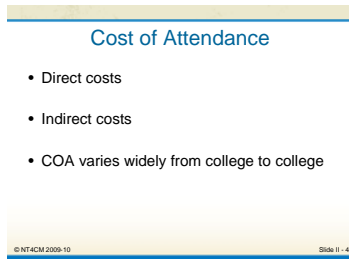
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Financial Aid

- Financial aid is money supplied by a source other than the family to assist with the costs of a student attending college

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Cost of Attendance

- Direct costs are costs paid to the college, such as tuition and on-campus room and board
- Indirect costs are personal and other expenses that are not paid to the college, such as off-campus room and board, books and supplies, and transportation
- Colleges combine direct and indirect expenses into the COA or student budget

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Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute
- Stays the same regardless of college
- Two components
 - Parent contribution
 - Student contribution
- Calculated using FAFSA data and a formula specified in law

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Financial Need

Cost of Attendance (COA)

– Expected Family Contribution (EFC)

= Financial Need

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Categories of Aid

- Need-based aid
- Non need-based aid

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Types of Aid

- Grants
- Scholarships
- Loans
- Employment

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- COA varies widely among different colleges and types of colleges

Expected Family Contribution

- Amount family can reasonably be expected to contribute, but not what the family will pay to the college
- EFC is the same regardless of which college the student attends
- Two components:
 - Parent contribution
 - Student contribution
- Calculated using data from FAFSA and a formula specified in law

Financial Need

- Cost of Attendance (COA) minus the Expected Family Contribution (EFC)
- Confusing, since some aid may replace the EFC
- COA minus gift aid (grants and scholarships) gives families an idea of the “bottom line”

Categories of Aid

- Need-based aid
 - Student must demonstrate financial need
- Non need-based aid
 - Not based on financial need
 - Often given on the basis of special skills, talents, etc

Types of Financial Aid

- Grants
 - Free money or gift aid
 - Does not have to be repaid
 - Often based on financial need

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Sources of Aid

- Federal government
- States
- Colleges
- Private sources

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- Scholarships
 - Free money or gift aid
 - Does not have to be repaid
 - Based on academic achievement, athletic ability, skills, etc.
- Loans
 - Self-help aid
 - Must be paid back
- Employment
 - Self-help aid
 - Allows student to earn money to help pay for college expenses

Sources of Financial Aid

- Federal government
 - Largest source of aid
 - Most common sources are the Title IV programs
 - Funds appropriated every year by Congress
- States
 - Aid offered varies
 - Funds appropriated annually
 - Eligibility requirements vary
- Colleges
 - Funds come from the college and other donors
 - Awarded at college's discretion
- Private
 - Funds come from individuals or entities such as churches and civic clubs
 - Donors develop criteria and application process

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Title IV Aid Programs

- Federal Pell Grant
- Campus-Based Programs
 - Federal Supplemental Educational Opportunity Grant (SEOG)
 - Federal Work-Study
 - Federal Perkins Loan

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Title IV Aid Programs

- Federal Pell Grant
 - Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC
- Campus-Based Programs
 - Funds awarded to colleges, who select recipients
 - Criteria and award amounts vary by school
 - Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ◆ Must be eligible for a Federal Pell Grant
 - ◆ Targeted to neediest students
 - Federal Work-Study
 - ◆ Allows students to work on or off campus
 - ◆ Earnings do not count against future Title IV eligibility
 - Federal Perkins Loan
 - ◆ Low interest, subsidized loan
 - ◆ Awarded first to highest need students
 - ◆ Repay after student is not attending at least half time

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Title IV Aid Programs

- Federal Family Education Loan Program (FFELP)
- William D. Ford Direct Student Loan Program (DL)

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Title IV Aid Programs

- Federal Family Education Loan Program (FFEL)
 - Money borrowed by the student (Stafford) or parent (PLUS)
 - Money borrowed through a bank
 - Loan limits vary by academic standing and COA
 - Repay after student is not attending at least half time
- William D. Ford Direct Student Loan Program (DL)
 - Money borrowed by the student (Stafford) or parent (PLUS)

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Title IV Aid Programs

- Leveraging Educational Assistance Program (LEAP)
- Academic Competitiveness Grant (ACG)
- National Science and Mathematics to Retain Talent (SMART) Grant
- Teacher Education Assistance for College and Higher Education (TEACH) Grant

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- Money borrowed from the federal government through the institution
- Loan limits vary by academic standing and COA
- Repay after student is not attending at least half time

Note to Instructor: If necessary, point out to participants that graduate students may also borrow **PLUS** Loans.

Title IV Aid Programs

- Leveraging Educational Assistance Partnership (LEAP)
 - Federal funds provided to states to award to students
 - States provide matching funds
 - States may have additional eligibility criteria
- Academic Competitiveness Grant (ACG)
 - First and second year students
 - Receiving a Federal Pell Grant
 - Completed a rigorous secondary school program of study
 - Graduated from high school after January 1, 2005
- National Science and Mathematics Access to Retain Talent (SMART) Grant
 - Third, fourth, and some fifth year students
 - Eligible for a Federal Pell Grant
 - Major in an eligible field
 - 3.0 GPA each term
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
 - Undergraduate and graduate students
 - Must agree to teach in a specific subject at a school serving a high percentage of low income students (Title I school)
 - If recipient does not fulfill service agreement, grant funds become a Direct Unsubsidized Loan

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Other Federal Aid Programs

- Robert C. Byrd Honors Scholarship Program
- Corporation for National and Community Service
- U.S. Department for Veteran Affairs
- Reserve Officers Training Corps (ROTC)

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- ◆ Only students truly committed to teaching in high need schools should be encouraged to accept TEACH Grant funds
- ◆ If students are not sure what subject they would like to teach, or in what type of school they would like to work, it would not be advisable for them to accept funds
- ◆ Colleges are required to provide counseling to students before disbursing funds

Other Federal Aid Programs

- Robert C. Byrd Honors Scholarship Program
 - Administered by the states
 - Maximum of four years eligibility
 - Selection criteria determined by each state
- Corporation for National and Community Service (AmeriCorps)
 - National Civilian Community Corps (NCCC) and Volunteers in Service to America (VISTA)
 - Each state has a commission to recruit participants and organize programs
 - Awards may be used to pay past, present, and future college costs or to repay student loans
- U.S Department of Veteran Affairs
 - Benefits for active duty, reservists, veterans, dependents, and survivors
 - Work-study program
 - Tutoring assistance
- Reserve Officers Training Corps (ROTC)
 - Aid provided in return for military service commitment
 - Army, Navy, Air Force, and Marines

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Other Federal Aid Programs

- Bureau of Indian Education (BIE) Grants
- Vocational rehabilitation benefits
- U.S. Department of Health and Human Services (HHS)

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Other Federal Aid Programs

- Bureau of Indian Education (BIE Grants)
 - Grants provided to students of Native American heritage
- Vocational rehabilitation benefits
 - Administered by state agencies
 - Provides services and aid for students with disabilities
- U.S. Department of Health and Human Services (HHS)
 - Programs for students in a variety of health professions
 - Loans, grants, and scholarships
 - May have service commitment

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Other Sources of Aid

- Institutional or private tuition plans
- Other family resources
- Home equity loans
- Private/alternative loans
- Tuition savings plans (529 plans)
- Employer-sponsored tuition plans

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Other Sources of Aid

- Institutional or private tuition plans
 - Interest free programs which allow families to pay direct costs over the course of several months
- Other family resources
 - Budget part of monthly income or use other resources to cover costs
- Home equity loans
 - These loans provide tax benefits
- Private/alternative loans
 - Loans provided by banks
 - Not federal aid
 - Student may need credit worthy co-signer
 - Higher interest rates than federal student loans
- Tuition savings plans (529 plans)
 - Allows savings to grow tax free if distributions used for education
- Employer-sponsored tuition plans
 - If student is able to work while attending school, employer may provide tuition benefits

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- Parent's employer may provide tuition benefits for student